Annual Report

Burlington Route

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

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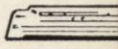
FOREWORD

Burlington gratefully acknowledges increased patronage of shippers and travelers in 1951.

Improvement of plant and equipment was continued by substantial expenditures of money, derived from earnings of the Company and from securities in which the savings of a great many people are invested.

Efficient utilization of the plant and equipment was made possible by the character, experience, and combined efforts of Burlington officers and employes. To them the Board of Directors expresses appreciation for their loyal cooperation in providing reliable service in the best Burlington tradition.

Burlington Route



The Cover —
Another BURLINGTON Innovation
Stainless Steel • Air Conditioned
Gallery Type • Suburban Car

Ninety-Eighth

ANNUAL REPORT

of the

BOARD OF DIRECTORS

of the

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

For the year ended
December 31, 1951

Chicago, Burlington & Quincy Railroad Company

DIRECTORS

Term Expires 1952

GEORGE M. FOSTER ..... Ottumwa, Ia.
President, John Morrell & Company

J. C. JAMES ..... Chicago, Ill.
Executive Vice President and General Counsel,
Chicago, Burlington & Quincy Railroad Company

H. C. MURPHY ..... Chicago, Ill.
President, Chicago, Burlington & Quincy Railroad Company

Term Expires 1953

RALPH BUDD ..... Chicago, Ill.
Retired President, Chicago, Burlington & Quincy Railroad Company

ROBERT S. MACFARLANE ..... St. Paul, Minn.
President, Northern Pacific Railway Company

JOHN M. BUDD ..... St. Paul, Minn.
President, Great Northern Railway Company

Term Expires 1954

EDWARD FLYNN ..... Chicago, Ill.
Retired Executive Vice President, Chicago, Burlington & Quincy Railroad Company

ELLSWORTH MOSER ..... Omaha, Nebr.
President, U. S. National Bank of Omaha

R. DOUGLAS STUART ..... Chicago, Ill.
Vice Chairman, Board of Directors, The Quaker Oats Co.

EXECUTIVE COMMITTEE

H. C. MURPHY . . . *Chairman*

JOHN M. BUDD — GEORGE M. FOSTER — ROBERT S. MACFARLANE
EDWARD FLYNN — J. C. JAMES — R. DOUGLAS STUART

OFFICERS

H. C. MURPHY ..... *President*, Chicago
J. C. JAMES ..... *Executive Vice President and General Counsel*, Chicago
L. R. CAPRON ..... *Vice President, Traffic Dept.*, Chicago
S. L. FEE ..... *Vice President, Operating Dept.*, Chicago
F. L. KARTHEISER ..... *Assistant to President*, Chicago
F. E. SPERRY ..... *Assistant Vice President, Operating Dept.*, Chicago
A. W. LAVIDGE ..... *Comptroller*, Chicago
J. P. BLUM ..... *General Purchasing Agent*, Chicago
BERT VICKERY ..... *Treasurer and Assistant Secretary*, Chicago
EDITH J. ALDEN ..... *Secretary, Assistant Treasurer and Transfer Agent*, Chicago
A. D. McLANE ..... *Assistant Secretary*, Chicago
WALTER McFARLAND ..... *Assistant General Counsel*, Chicago
ELDON MARTIN ..... *General Solicitor*, Chicago
R. C. SMITH ..... *General Auditor*, Chicago
H. R. CLARKE ..... *Chief Engineer*, Chicago
R. W. COGLAN ..... *Transfer Agent*, Chicago
N. STOCKHAMMER, H. F. SMITH ..... *Fiscal Agents*, 2 Wall Street, New York
GRACE W. WINTERS, HELEN A. STORCH ..... *Transfer Agents*, 2 Wall Street, New York
STATE STREET TRUST COMPANY ..... *Fiscal Agent and Transfer Agent, State and Congress Streets, Boston*

The above were Directors and Officers as of December 31, 1951.

Highlights of Operations

	1951	1950	Increase	Decrease
Operating Revenues (Page 19)	$266,593,668	$245,247,561	$ 21,346,107	
Operating Expenses (Page 19)	$189,234,238	$161,964,674	$ 27,269,564	
Operating Ratio (Page 19)	70.98%	66.04%	4.94%	
Available for Fixed Charges	$ 31,268,455	$ 40,038,747		$ 8,770,292
Fixed Charges (Page 19)	$ 6,019,167	$ 6,277,092		$ 257,925
Times Fixed Charges Earned	5.19	6.38		1.19
Total Taxes (Page 19)	$ 41,233,781	$ 39,773,302	$ 1,460,479	
Net Income	$ 25,249,288	$ 33,761,655		$ 8,512,367
Dividends Paid	$ 11,958,709	$ 11,958,709	—	—
Taxes per Share of Stock	$ 24.14	$ 23.28	$ .86	
Net Income per Share of Stock	$ 14.78	$ 19.76		$ 4.98
Dividends Paid per Share of Stock	$ 7.00	$ 7.00	—	—
Average Number of Employes (Includes part-time employes)	31,160	30,076	1,084	
Total Wages	$ 122,661,815	$105,302,524	$17,359,291	
Revenue Ton Miles	18,625,331,705	16,755,823,463	1,869,508,242	
Revenue Passenger Miles	826,128,429	748,698,898	77,429,531	
Miles of Road Operated —end of year	8,834.10	8,830.07	4.03	
Total Outstanding Funded Debt including Equipment Obligations (Page 26)	$196,852,082	$207,381,371		$10,529,289

MAY 19 1952

Report for the Year Ended December 31, 1951

Operating revenues in 1951 were larger than in any previous year; so were wages and total operating expenses.

Total operating revenues, $266,593,668, were 8.70 per cent greater than in 1950.

Total operating expenses, $189,234,238, were 16.84 per cent over 1950.

Net income, $25,249,288, was 25.21 per cent less than 1950.

Operating ratio was 70.98 per cent, an increase of 4.94 per cent over 1950. This was due largely to the increased costs of labor and material.

Revenue ton miles, 18,625,331,705, were 11.16 per cent greater than in 1950, and were handled with an increase of only 4.83 per cent in revenue freight train miles.

Revenue tons per train mile increased 6.04 per cent over 1950 while revenue ton miles per freight train hour increased 5.74 per cent.

Freight revenue, $220,253,697, was $20,321,091 greater than in 1950.

Passenger revenue, $19,192,719, was up $1,513,205.

Although the National Defense program created some traffic, the Company relies on its regular shippers, large and small.

To warrant their continued use of our services, we have further improved our plant, equipment, and methods of operation. Since 1940, for example, substantial sums have been invested in grade and curve reductions, new lines, new yards and stations, heavier rail, siding extensions, centralized traffic control, modern roadway machines, modern shop buildings and tools, new freight and passenger cars, diesel locomotives, communication systems and numerous other improvements.

Capital Expenditures 1941-1951, inclusive

	Gross	Retirements	Net
Road	$ 92,477,366	$ 44,198,901	$ 48,278,465
Equipment	170,350,017	43,584,203	126,765,814
General	422,691	541,573	Cr. 118,882
Total	$263,250,074	$ 88,324,677	$174,925,397

Our 1951 Income - - $268,204,066

Where it Came From . . .

Freight Revenue (Including Switching)	83.5%
Passenger Revenue	7.2
Mail Revenue	4.7
Express Revenue	1.0
All Other	3.6
Total	100.0%

Where it Went . . .

Payrolls	44.3%
Materials and Supplies	14.9
Depreciation, Amortization and Retirements	5.0
Other Operating Expenses and Income Charges	6.5
Taxes	15.4
Net Joint Facility and Equipment Rents	2.2
Interest on Funded Debt and Other Fixed Charges	2.2
Dividends	4.5
Retained in Business	5.0
Total	100.0%

TRAFFIC

Revenue tons carried in 1951 increased 8.74 per cent over 1950.

Average revenue per ton mile decreased from 1.193 cents in 1950 to 1.183 cents in 1951.

Average load per car of carload traffic increased from 34.8 tons in 1950 to 35.5 tons in 1951.

Source of Freight Revenue

	1951 Revenue*	Per Cent of Total	Per Cent Change from 1950 Increase	Decrease
Products of Agriculture	$ 51,894,738	22.36	17.47	
Animals and Products	14,675,054	6.32	5.56	
Products of Mines	41,831,928	18.03	7.73	
Products of Forests	13,295,801	5.73		.61
Manufactures and Miscl.	93,770,746	40.41	9.17	
Forwarder Traffic	7,607,696	3.28	53.45	
Less Carload Freight	8,978,615	3.87		4.81
Total	$232,054,578	100.00	10.21	

*Gross Freight Revenue, stated without adjustments for absorptions or corrections which reduced total freight revenue to $220,253.697,

Exclusive of commutation traffic, the revenue passengers carried increased 296,421 or 7.34 per cent over 1950, the revenue passenger miles increased 66,993,335 or 10.28 per cent over 1950, and the average revenue per passenger mile was 2.45 cents as compared with 2.50 cents in 1950. The total passenger train miles decreased 2.33 per cent compared with 1950.

Commutation passengers carried in 1951 increased 438,136, or 7.76 per cent, compared with 1950, and revenue from commutation fares increased 9.94 per cent compared with 1950.

RATE CHANGES

Freight

During 1951, the Interstate Commerce Commission made two decisions in Ex Parte 175. The first (effective April 4, 1951) authorized interim increases in freight rates which resulted in an average increase of 1.85 per cent applicable to C.B. & Q. traffic. The increases under the Commission's second decision (effective August 28, 1951, as to commodi-

ties generally and September 15, 1951, as to grain and grain products) are to be applied as surcharges and are to expire February 28, 1953. The estimate of both increases as applied to C.B. & Q. traffic amounted to 5.7 per cent.

By petition dated October 19, 1951, Class I carriers applied for further hearing, reargument and reconsideration, seeking in full and without limitation as to time, the increase of 15 per cent sought in the amended petition dated March 28, 1951. Hearings and oral argument have been completed and the case is now awaiting the Commission's decision.

Passenger

All Pullman fares and charges were increased 15 per cent effective June 1, 1951. Round-trip first-class and coach rail fares to and from California were increased approximately 10 per cent June 1, 1951. Effective September 1, 1951, parlor car seat fares between Chicago and Minneapolis, including intermediate stations, were increased 59.31 per cent and between Chicago and Omaha 50 per cent. Effective October 1, 1951, one-way coach fares from Chicago, St. Louis, Omaha, and Kansas City to San Francisco and Los Angeles were increased 13.6 per cent.

Mail and Express

In the Mail Pay Case, Docket 9200, filed February 19, 1947, the order of the Commission, dated November 13, 1951, prescribed rates on an entirely new basis which the Commission estimated would increase mail pay between 31 and 32 per cent nationwide, over the amounts paid for the year 1950.

During 1951, the Railway Express Agency continued its efforts to raise the level of rates and charges in order to keep pace with rising costs and to provide adequate payments to the railroads for the express services performed. By petition dated January 11, 1951, the Express Agency sought substantial increases in express charges. The Interstate Commerce Commission, in an interim order, granted a surcharge of 20 cents per shipment effective May 3, 1951, and in its order October 23, 1951, a permanent increase of about 11 per cent in lieu of the interim increase. Since this increase was not sufficient to provide for any increase in compensation to the Railroads for services rendered, the Agency, by petition dated December 19, 1951, sought reconsideration of the matter, but this petition was denied January 24, 1952.

AGRICULTURE AND LIVESTOCK

Burlington gained 17.47 per cent in revenue for handling Products of Agriculture.

Production of certain items, however, in states served by the Company was less in 1951 than in 1950; corn was down 3.9 per cent, soy beans 8.1 per cent, oats 8.7 per cent, wheat 9.5 per cent, barley 11.9 per cent, sugar beets 14.8 per cent, and potatoes 38.5 per cent. Hay increased 13.9 per cent.

Corn stocks on farms at the close of the year were down 11 per cent compared with 1950 and corn in off-farm positions was down 19.6 per cent. Wheat stored in all positions declined 16 per cent. The acreage of winter wheat planted for harvest in 1952 is 1.7 per cent larger than last year and is reported at the close of the year to be in good condition.

Water stored for irrigation is above normal and snow storage on western water sheds indicates ample supplies for irrigation during the growing season.

Livestock on farms on December 31, 1951, compared with the year before, increased as follows: hogs 2.8 per cent, cattle 9.2 per cent, and sheep 11 per cent. Cattle in feed yards increased 11 per cent.

INDUSTRIAL

The year was active industrially. There were 418 new leases of C.B. & Q. property executed and 282 old leases cancelled, leaving a net increase of 136. There were 77 new industrial tracks or track extensions built and 11 temporary contractors' tracks installed. On our line 37 industries enlarged their facilities and 54 new industries were located on private property served by the Burlington.

OPERATION

Maintenance of Way and Structures expenses, excluding depreciation, amortization, and retirements, increased $7,581,544 or 26.01 per cent over 1950. Some of the major maintenance work performed during the year 1951 was:

58.46 miles of track were relaid with new 129-pound T.R. rail.
154.87 miles of track were relaid with new 112-pound T.R. rail.
49.46 miles of track were relaid with secondhand 112, 110, 100 and 90-pound rail.
690,000 new creosoted cross ties were placed in track.
896,000 cubic yards of ballast were applied.

Heavy rains, confined for the most part to the months of May, June and July, caused slides and washouts of varying intensity throughout

Iowa, Missouri, and Eastern Nebraska. Remedial flood work has been continued in our flood territory, including extensive grouting where slides ordinarily occur.

Maintenance of Equipment expenses, excluding depreciation, amortization, and retirements, increased $4,721,694 or 18.06 per cent over 1950. All of the equipment was currently maintained and 3,752 freight cars were given general repairs.

Transportation expenses increased $12,558,082 or 15.51 per cent over 1950 and the transportation ratio was 35.08 per cent in 1951 compared with 33.01 per cent in 1950.

IMPROVEMENTS

Net capital expenditures in 1951:

Road	$ 6,149,081
Equipment	13,505,033
General	Cr. 202,613
Total	$19,451,501

Road

Major improvements completed during the year were:

Subway improvements, Crawford, Nebraska.
Installation of Centralized Traffic Control, Ravenna to Alliance, Nebraska.
Raise grade and Nishnabotna River Bridge 139.84, Watson, Missouri.
Passenger depot, Ottumwa, Iowa.
Portion of Centennial Cutoff, Needles to Forker Jct., Missouri.
Relocation of main track and raising bridges, Corning, Missouri.
Improvements to mail facilities at Council Bluffs, Iowa.
Covered sheep yard at Montgomery, Illinois.
Construction of warehouse at Lincoln, Nebraska.

Major improvements still under construction:

A-S-B Bridge improvements, Kansas City, Missouri.
Connection between Murray Yard and Kansas City Terminal via A-S-B Bridge, Kansas City, Missouri.
Raising grade and bridges, Callao, Missouri.
Centennial Cutoff, Forker Jct., to Missouri City, Missouri.
Freight forwarding house and tracks, Denver, Colorado.
Grade and bridge improvements, Wheeling, Missouri.
Improvements to Bridge 488.90, Mosquito Creek, Island Park, Iowa.
Raising grade and bridge 20.10, Woodland, Missouri.
Line and grade change, Ely, Missouri.
Drainage improvements, Sterling, Colorado, to Lincoln, Nebraska.

Equipment

Built in Company Shops:

21 Baggage cars.
1,000 40′ 6″ 50-ton steel box cars.
600 70-ton steel hopper cars.
200 70-ton steel covered hopper cars.

Built by Burlington Refrigerator Express Company:

290 40′ 50-ton refrigerator cars.

Purchased:

2 1200 h.p. diesel-electric switch locomotives.
15 3000 h.p. diesel-electric road-switch locomotives.
2 4500 h.p. diesel-electric road-switch locomotives.
4 1500 h.p. diesel-electric road-switch locomotives.
5 New 148-passenger gallery type stainless steel suburban coaches.
2 Ballast spreaders.
1 Clamshell.

On order, delivery expected in 1952:

To be built in Company Shops:

200 52′ 6″ steel gondolas.
50 65′ 6″ steel gondolas.
200 70-ton steel covered hopper cars.
400 53′ 6″ steel flat cars.

To be built by Burlington Refrigerator Express Company:

275 40′ 50-ton refrigerator cars.

To be purchased:

1 Mail-baggage car.
4 Coaches.
2 Buffet-dome-coach cars.
2 Parlor-dome-observation cars.
3 Dining cars.
3 Bedroom-compartment sleeping cars.
8 Bedroom-roomette sleeping cars.
6 Bedroom-roomette-section sleeping cars.
1 Dome-room-observation car.
1 Open section sleeping car.
1 Pile driver.
1 Clamshell.

LABOR

On March 1, 1951, an agreement was reached between a Carriers' Conference Committee and a Committee representing the non-operating employes, providing for an increase of 12½ cents an hour effective February 1, 1951. The agreement also provided for wage adjustments based on living costs as indicated by the Consumers' Price Index published by the Bureau of Labor Statistics, United States Department of Labor, such adjustments to be made every three months on the basis of 1 cent an hour increase in wages for each one point advance of the cost-of-living index. This cost-of-living provision required wage adjustments of 6 cents an hour effective April 1, 1951, 1 cent an hour effective July 1, 1951, and 4 cents an hour effective January 1, 1952. All these, in the aggregate, will increase operating expenses approximately $12,300,000 a year.

On May 25, 1951, an agreement was executed by a Committee representing the Railroads and a Committee representing the Brotherhood of Railroad Trainmen, which disposed of all of the issues growing out of the demand of the Brotherhood for a forty-hour work week, and related rule changes. This agreement provided for an increase of 33 cents an hour for yardmen, and an increase of 18½ cents an hour for road men, which, in both instances, included a 6-cent an hour cost-of-living increase. Under the cost-of-living provision, further increases of 1 cent an hour effective July 1, 1951, and 4 cents an hour effective January 1, 1952 were granted. The composite effect of these wage increases to trainmen and yardmen represents an annual payroll increase of approximately $2,600,000.

The dispute involving the Brotherhood of Locomotive Engineers, Brotherhood of Locomotive Firemen and Enginemen, and Order of Railway Conductors, arising out of their demand for a forty-hour work week with retention of forty-eight hours' pay, and other rule changes, remains unsettled. If disposed of on the basis established in the Trainmen settlement, it would increase C.B. & Q. operating expenses approximately $2,800,000 a year.

SIGNALS AND INTERLOCKERS

Major items of signaling completed during the year 1951 include installation of 240 miles of centralized traffic control between Ravenna and Alliance, Nebraska; extension of CTC from Illinois Junction to Connett, Illinois, a distance of 2.01 miles, and from Armour to Rushville, Missouri, a distance of 2.67 miles. Semaphore signals were replaced with modern searchlight type signals on 92 miles of double track in the territories between Beverly and Napier, Missouri, and between St. Louis and Machens, Missouri. Interlockings at Rushville, Missouri, and Columbus, Nebraska, were modernized.

There were 30 installations of modern highway crossing protection completed, the majority of which replaced manual protection.

In addition to the projects completed as outlined above, work also has been carried on for the installation of 78 miles of CTC between Brookfield and Maxwell, Missouri, on the new Centennial Cutoff. Work also was progressed for the installation of cab signals between Chicago and Aurora, Illinois, and material was being accumulated and plans developed for installation of 107 miles of CTC between Pacific Junction, Iowa, and Lincoln, Nebraska.

PROGRESS ON CENTENNIAL CUT-OFF, NEEDLES TO MISSOURI CITY, MISSOURI

Construction of this new line was outlined in the 1949 report (page 11). As mentioned in the 1950 report (page 11), work was delayed somewhat on account of weather conditions and in 1951 the work was still further delayed for the same reason. At the end of 1951 the work had progressed as follows:

Between Needles and Forker Junction, 6.53 miles, the line was placed in service August 27, 1951.
Between Forker Junction and Tina Junction, 21.84 miles, the work was complete except for bridges, which were 97 per cent complete.
Between Tina Junction and Missouri City, 42.58 miles, the work was as follows:

Pipes and culverts	100% complete
Bridges	88% "
Grading	99% "
Trackage laid	65% "

LINE ABANDONMENTS AND TRACK CHANGES

On May 18, 1951, the Interstate Commerce Commission authorized abandonment of our branch lines (1) between New Canton and Rockport, Illinois, 7.98 miles, and (2) between Fall Creek and Hulls, Illinois, 6.57 miles, and concurrently authorized operation of Burlington trains between Fall Creek and Hulls, Illinois, over a route which embraces the line of the Wabash Railroad Company between East Hannibal and Hulls, 8.64 miles. Operations under this arrangement began on August 2, 1951.

On December 7, 1951, the Interstate Commerce Commission authorized abandonment of our line between Oquawka and Arpee, Illinois, approximately 17.69 miles in length. The abandonment will be accomplished in 1952.

UNPROFITABLE PASSENGER TRAINS

The efforts of the Company to take off light-traffic passenger trains were continued during 1951 and on authority of State Railroad Commissions several unprofitable trains were taken off, resulting in a saving of 119,808 passenger train miles a year.

FINANCIAL

During 1951, capital liabilities of the Company decreased $10,529,289:

Funded Debt	$13,304,000 Decrease
Equipment Obligations	2,774,711 Increase
Total	$10,529,289 Decrease

The annual interest charges decreased $227,199.

As outlined in the 1950 report (page 13), the Company sold $25,000,000 principal amount of First and Refunding Mortgage Series of 1990 3% Bonds dated February 1, 1950, due February 1, 1990, to provide for payment of the principal amount of the outstanding $12,460,100 First and Refunding 4½% Series B Bonds, called for redemption February 1, 1952, and to provide funds to reimburse the Company for a portion of net capital expenditures in connection with construction of the new line between Brookfield and Kansas City, Missouri. The proceeds from sale of the bonds were deposited with J. P. Morgan & Company, Inc., pursuant to a deposit agreement.

During the year 1951, the Depositary purchased with said funds $2,481,000 principal amount of First and Refunding Mortgage 4½% Series B Bonds, reducing the amount outstanding in the hands of the public to $5,818,100 as of December 31, 1951.

The $12,597,400 deposited to reimburse the Company for expenditures on the new line remains on deposit, invested temporarily in Government securities.

Under the plan adopted by the Company for making deposits from time to time with the Depositary to provide cash for the purchase of its General Mortgage 4% Bonds, due March 1, 1958, $6,250,000 was deposited during the year and the amount of General Mortgage 4% Bonds purchased in 1951 was $6,877,000, reducing the amount outstanding in the hands of the public to $24,590,000 as of December 31, 1951.

TAXES

Tax accruals in 1951 of $41,233,781 were $1,460,479 more than in 1950:

	1951	Increase
Federal income taxes	$24,479,386	$ 503,238
Federal Railroad Retirement and Unemployment taxes	6,657,399	615,209
State and Other Government taxes	10,096,996	342,032
Total	$41,233,781	$1,460,479

Total taxes in 1951 amounted to 15.47 per cent of total operating revenue, equivalent to $24.14 a share of capital stock.

Authority was received in 1951 to amortize, over a 60-month period, 80 per cent of the cost of 2,550 freight cars and 65 per cent of the cost of 50 Diesel units, for the purpose of determining the amount of income taxes. The Interstate Commerce Commission, in its order of December 21, 1951, provided that only normal depreciation charges are to be included in the income account. The inclusion of amortization charges in arriving at the accruals for income taxes in the year 1951 had the

effect of reducing the income taxes by $1,104,244, with a corresponding increase in net income. After the 60-month amortization period the depreciation charges on this equipment will be included in the income account but no deduction will be allowed therefor in determining the amount of the income taxes for each year, thus increasing the amount of income taxes to be paid in the subsequent years. This method of accounting has the effect of increasing the net income during the years in which the amortization is taken for tax purposes and makes it appear that the money, when invested in capital expenditures, is coming from earnings rather than accelerated amortization specifically provided for by Congress and the Bureau of Internal Revenue.

DIVIDENDS

Dividends totaling $7.00 a share were paid in 1951, the ninetieth consecutive year in which the Company has paid a dividend.

BURLINGTON TRUCK LINES

During the year, Burlington Truck Lines, Inc., a wholly-owned subsidiary, operated 6,103,040 truck miles over 4,763 route miles at a net gain of $30,173 compared with a net gain of $28,709 in 1950.

In 1951 the Truck Lines acquired 11 new tractors and 25 new semi-trailers; also 4 used tractors and 7 used semi-trailers. Twenty used trucks were purchased from the Railway Express Agency.

COLORADO AND SOUTHERN LINES

During 1951, The Colorado and Southern Railway Company, pursuant to the Plan of Adjustment, purchased at par from Reconstruction Finance Corporation and retired $3,500,000 principal amount of its Refunding and Extension Mortgage Bonds, reducing the outstanding principal amount of such bonds in the hands of the public at the end of the year to $7,500,000, all owned by Reconstruction Finance Corporation.

During the year, Fort Worth and Denver Railway Company purchased, on publicly advertised tenders, $568,000 principal amount of the General Mortgage Bonds of the Colorado and Southern. All such bonds are pledged with Reconstruction Finance Corporation as additional collateral security for the obligations of Fort Worth and Denver and Colorado and Southern to Reconstruction Finance Corporation. At the close of the year, the total amount of such General Mortgage Bonds outstanding with the public was $5,971,500. (See Note.)

Note: $58,000 of the bonds purchased in 1951 were not received until January, 1952.

During 1951, Fort Worth and Denver reduced by $580,000 the principal of its note to Reconstruction Finance Corporation, the outstanding principal amount at the end of the year being $4,340,000.

By its Order No. 42, entered March 12, 1951, the Special Court at Denver approved in principle a comprehensive program for simplification of the corporate and financial structure of Colorado and Southern and its subsidiaries, in furtherance of the Plan of Adjustment approved and confirmed by the Decree of the Special Court entered March 8, 1943.

At the time Order No. 42 was entered, conditions indicated that new First Mortgage Bonds of Fort Worth and Denver in the principal amount of $20,000,000, to refund all outstanding Colorado and Southern System debt, could be sold to the public at a favorable interest rate. Preliminary steps were taken, and considerable progress was made, but before the program could be carried out there was a marked change for the worse in conditions affecting the sale of railroad bonds, so that, by Order No. 44, entered December 6, 1951, the Special Court postponed until its further order the execution of the program theretofore approved in principle.

EMPLOYE BENEFITS

The Relief Department paid out $748,822 during the year in disability and death benefits to 4,643 employes.

GOVERNMENT LITIGATION

The Anti-Trust suit brought against certain western railroads, including this Company, on August 23, 1944, at Lincoln, Nebraska, is still pending; but under an order of the United States District Court, entered November 4, 1950, is being held in abeyance until 45 days after final disposition of any court proceeding which the Attorney General may bring to contest Interstate Commerce Commission orders made pursuant to the Bulwinkle Act, authorizing rate-making procedures by railroad rate bureaus. Thus far, no such suit has been instituted.

In the Annual Reports for 1947-1950, reference was made to 17 complaints against the railroads, filed with the Interstate Commerce Commission by the United States, seeking reparation for alleged unreasonable freight charges on shipments of war materials. Those complaints are still pending and are being contested.

CHANGES IN ORGANIZATION

Mr. Frank J. Gavin retired as a Director June 6, 1951, and was succeeded by Mr. John M. Budd. The Board of Directors adopted the following resolution June 8, 1951:

> RESOLVED: That this Board express to Mr. Frank J. Gavin, for the Company and its officers, sincere regret that he has resigned as a Director.
>
> Mr. Gavin has served as a member of the Board and of the Executive and Road Committees since 1939. His long experience in railroad operating and executive positions, his great ability, and sound judgment, have been of inestimable value to the Company in meeting the many formidable problems which arose in a decade of worldwide social and economic dislocations. His efforts always were directed to improving the plant and equipment of the Company, its service to the public, and its earning power and credit.
>
> His capacity and character, as well as his modesty and kindness, inspired respect and admiration of his fellow Directors, who feel a keen sense of personal loss in his retirement from the Board.

Mr. George M. Foster, President, John Morrell & Co., was elected a Director December 26, 1951.

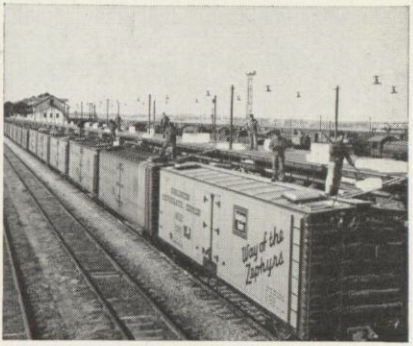
It is with deep regret that the Directors record the death on November 14, 1951, of Mr. T. Henry Foster, who had served as a Director since July 10, 1947, and a member of the Executive Committee since May 4, 1949.

Mr. Foster's experience, keenness of mind, sound judgment, and accumulated wisdom rendered him a most valuable member of the Board, and in his death the Company sustained a serious loss.

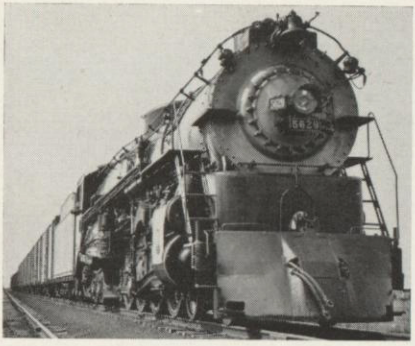
By order of the Board of Directors.

H. C. MURPHY, President

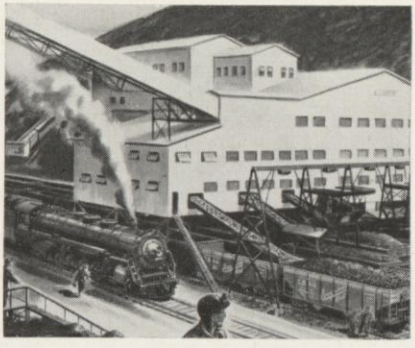
Diesel motive power.



Icing facilities at Lincoln, Nebraska.

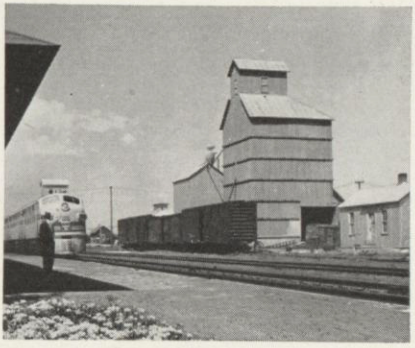


Modern steam locomotive.

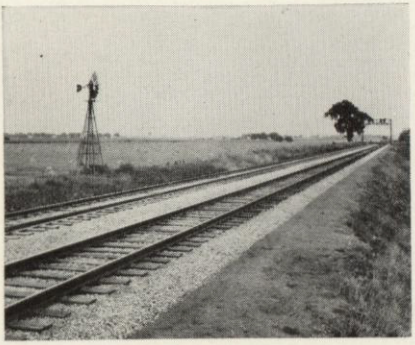


A modern coal mine on the Burlington.

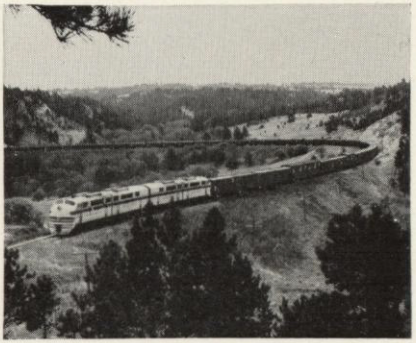
Hump yard at Lincoln, Nebraska.



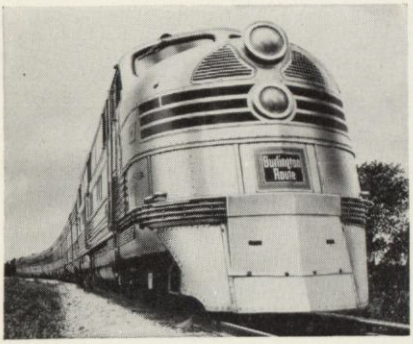
Grain loading at elevator on the Burlington.



Well-maintained track and roadbed.

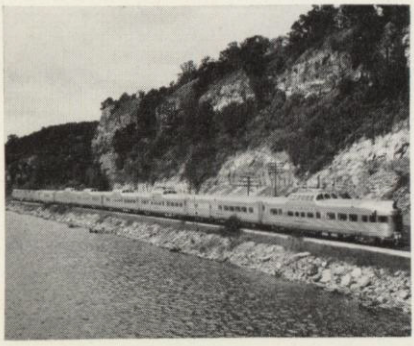


Burlington train of livestock and farm products.

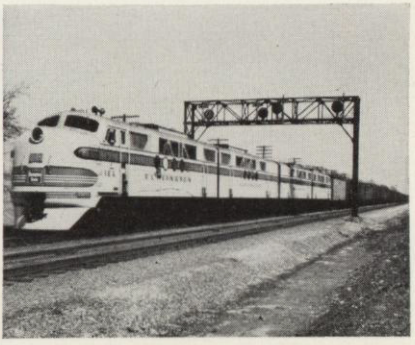


Burlington's stainless steel Zephyr trains are world-famous.

Passenger Station at Ottumwa, Iowa.



Vista-Dome Twin Cities Zephyr on Upper Mississippi Scenic Line.



Main line diesel-powered freight train.

COMPARATIVE STATEMENT OF INCOME, YEARS ENDED DECEMBER 31

(See Pages 30 to 32)

Percent of Ry. Oper. Revenue	1951	Railway Operating Revenues	1950	Percent of Ry. Oper. Revenue
82.62	$220,253,697.00	Freight	$199,932,605.54	81.52
7.20	19,192,719.18	Passenger	17,679,514.25	7.21
4.69	12,516,543.71	Mail	14,869,706.36	6.06
1.05	2,786,753.47	Express	2,897,365.43	1.18
1.73	4,607,242.81	All other transportation	4,425,227.80	1.81
2.34	6,248,338.90	Incidental	4,614,034.07	1.88
.37	988,373.29	Joint facility	829,107.13	.34
100.00	266,593,668.36	Total railway operating revenues	245,247,560.58	100.00
		Railway Operating Expenses		
15.67	41,782,836.94	Maintenance of way and structures	33,786,916.12	13.78
14.74	39,300,551.55	Maintenance of equipment	34,037,569.91	13.88
2.02	5,386,677.10	Traffic	4,942,602.18	2.02
35.08	93,513,741.48	Transportation	80,955,659.48	33.01
1.21	3,223,255.79	Miscellaneous operations	2,947,836.91	1.20
2.26	6,027,175.71	General	5,294,088.92	2.15
70.98	189,234,238.57	Total railway operating expenses	161,964,673.52	66.04
29.02	77,359,429.79	Net revenue from railway operations	83,282,887.06	33.96
	24,479,385.85	Federal income taxes	23,976,147.90	
	6,657,398.69	Federal payroll taxes	6,042,190.35	
	10,096,996.13	All other taxes	9,754,963.68	
	41,233,780.67	Total taxes	39,773,301.93	
	36,125,649.12	Railway operating income	43,509,585.13	
	Dr. 4,065,950.79	Hire of equipment—Net	Dr. 3,802,172.41	
	Dr. 1,943,026.78	Joint Facility rents—Net	Dr. 1,900,883.88	
	30,116,671.55	Net railway operating income	37,806,528.84	
		Other Income		
	741,164.06	Rentals	1,561,088.08	
	820,668.84	Dividends and interest	762,657.11	
	48,565.08	Miscellaneous	45,993.90	
	1,610,397.98	Total other income	2,369,739.09	
	31,727,069.53	Total income	40,176,267.93	
		Deductions from Total Income		
	30,589.60	Rents payable	31,597.43	
	90,218.86	Taxes on nonoperating property	84,686.17	
	337,805.91	Miscellaneous income charges	21,237.08	
	458,614.37	Total deductions	137,520.68	
	31,268,455.16	Income available for fixed charges	40,038,747.25	
		Fixed Charges		
	50,817.21	Rent for leased roads and equipment	60,586.26	
	5,915,575.55	Interest on funded debt	6,142,774.71	
	3,172.36	Interest on unfunded debt	15,417.48	
	49,602.50	Amortization of discount on funded debt	58,313.75	
	6,019,167.62	Total fixed charges	6,277,092.20	
	25,249,287.54	Net income after fixed charges	33,761,655.05	
		Disposition of Net Income		
	11,958,709.00	Dividend appropriations of income	11,958,709.00	
	$ 13,290,578.54	Balance of income transferred to Earned Surplus	$ 21,802,946.05	

Operating Ratios

GENERAL BALANCE SHEET

December 31, 1951

ASSETS

INVESTMENTS:		
Road and equipment property		$780,794,028.72
Accrued depreciation—road and equipment	$144,908,549.24	
Accrued amortization of defense projects—road and equipment	41,689,480.63	186,598,029.87
Total investment road and equipment less depreciation and amortization		594,195,998.85
Capital and other reserve funds		18,669,268.20
Miscellaneous physical property		7,175,451.87
Investments in affiliated companies:		
Stocks	$ 27,488,007.62	
All other	19,952,994.06	47,441,001.68
Other investments:		
Stocks	$ 3,689,961.58	
Bonds	4,252,831.01	
All other	6,272.65	7,949,065.24
Total investments less depreciation and amortization		675,430,785.84
CURRENT ASSETS:		
Cash		21,603,555.73
Temporary cash investments		680,325.78
Special deposits		286,455.47
Loans and bills receivable		2,208.41
Traffic and car service balances—Dr.		1,000,791.17
Net balance receivable from agents and conductors		4,106,938.50
Miscellaneous accounts receivable		10,399,513.92
Material and supplies		29,155,312.86
Interest and dividends receivable		98,025.25
Accrued accounts receivable		3,713,785.01
Other current assets		194,434.02
Total current assets		71,241,346.12
DEFERRED ASSETS:		
Working fund advances		209,319.81
Other deferred assets		1,458,732.09
Total deferred assets		1,668,051.90
UNADJUSTED DEBITS:		
Prepayments		590,824.21
Discount on funded debt		564,210.05
Other unadjusted debits		3,419,847.68
Total unadjusted debits		4,574,881.94
Grand Total		$752,915,065.80

GENERAL BALANCE SHEET

December 31, 1951

LIABILITIES

CAPITAL STOCK:		
Common stock—Par value $100 per share		$170,839,100.00
LONG-TERM DEBT:		
Funded debt unmatured (Page 26):		
Total book liability	$330,584,100.00	
Less held by or for the company	172,616,000.00	157,968,100.00
Equipment obligations (Page 26)		38,883,981.74
Amounts payable to affiliated companies		123,275.41
Total long-term debt		196,975,357.15
CURRENT LIABILITIES:		
Audited accounts and wages payable		12,651,173.14
Miscellaneous accounts payable		3,538,276.42
Interest matured unpaid		115,011.19
Unmatured interest accrued		2,135,474.56
Accrued accounts payable		5,514,783.18
Taxes accrued		32,117,206.73
Other current liabilities		1,792,344.04
Total current liabilities		57,864,269.26
DEFERRED LIABILITIES:		
Other deferred liabilities		524,489.09
UNADJUSTED CREDITS:		
Premium on funded debt		397.00
Insurance reserves		1,392,996.20
Other unadjusted credits		1,113,015.53
Accrued depreciation—leased property		57,291.15
Total unadjusted credits		2,563,699.88
SURPLUS:		
Unearned surplus		267,181.43
Earned surplus—appropriated (Page 22)		48,025,460.10
Earned surplus—unappropriated (Page 22)		275,855,508.89
Total surplus		324,148,150.42
Grand Total		$752,915,065.80

COMPARATIVE STATEMENT OF UNAPPROPRIATED EARNED SURPLUS ACCOUNT, YEARS ENDED DECEMBER 31

	1951	1950	Increase	Decrease
CREDITS:				
Credit balance at beginning of year	$263,748,637.01	$243,049,670.01	$ 20,698,967.00	
Credit balance transferred from income	13,290,578.54	21,802,946.05		$ 8,512,367.51
Miscellaneous credits	148,320.73	82,740.19	65,580.54	
Total	$277,187,536.28	$264,935,356.25	$ 12,252,180.03	
DEBITS:				
Miscellaneous debits	$ 1,332,027.39	$ 1,186,719.24	$ 145,308.15	
Credit balance carried to balance sheet	275,855,508.89*	263,748,637.01*	12,106,871.88	
Total	$277,187,536.28	$264,935,356.25	$ 12,252,180.03	

* Approximate application of Income included in Unappropriated Earned Surplus as of December 31:

	1951	1950
Net working capital retained in the business	$ 21,668,839	$ 32,177,770
Invested in affiliated and non-affiliated companies	29,741,064	25,565,920
Expended in improving the Railroad plant	224,445,606	206,004,947
	$ 275,855,509	$ 263,748,637

Appropriated Surplus Income of $48,025,460 (page 21) was expended in retiring Funded Debt prior to year 1928.

INVESTMENT IN ROAD AND EQUIPMENT, YEAR 1951

Account		Additions and Betterments
Engineering	$	98,873.20
Land for transportation purposes		60,416.94
Other right-of-way expenditures		10,076.49
Grading		394,626.15
Tunnels and subways		10,078.66
Bridges, trestles and culverts		766,953.69
Ties	Cr.	28,848.01
Rails		511,961.00
Other track material		858,227.84
Ballast		1,074,613.54
Track laying and surfacing		247,802.43
Fences, snow sheds and signs		709.68
Station and office buildings		390,647.16
Roadway buildings		27,194.23
Water stations	Cr.	224,325.48
Fuel stations		8,591.38
Shops and engine houses		43,354.64
Communication systems		196,553.23
Signals and interlockers		872,086.70
Power plants		647.38
Power transmission systems	Cr.	2,208.05
Miscellaneous structures		174,603.36
Roadway machines		396,344.16
Roadway small tools	Cr.	654.25
Public improvements—Construction		270,455.34
Shop machinery	Cr.	14,343.67
Power plant machinery		4,642.99
Total expenditures for road		6,149,080.73
Steam locomotives	Cr.	2,829,158.94
Other locomotives		7,248,971.91
Freight-train cars		7,264,477.11
Passenger-train cars		1,408,107.18
Work equipment		381,649.95
Miscellaneous equipment		30,986.27
Total expenditures for equipment		13,505,033.48
Organization expenses		347.20
General officers and clerks	Cr.	13,967.07
Law	Cr.	8,413.52
Stationery and printing	Cr.	893.35
Taxes	Cr.	4,721.05
Interest during construction	Cr.	173,367.98
Other expenditures—general	Cr.	1,596.96
Total general expenditures	Cr.	202,612.73
Grand total		$19,451,501.48

"Cr."—Credits due to retirements.

STATISTICS OF OPERATIONS

ITEMS	1951	1950
Actual miles road operated, end of year	8,834.10	8,830.07
Average mileage of road operated—Total	8,824.01	8,842.51
Average mileage of road operated—Freight Service	8,789.82	8,808.32
Average mileage of road operated—Passgr. Service	5,286.34	5,501.98
TRAIN-MILES		
Freight	14,863,087	14,178,511
Passenger	11,822,960	12,098,227
Total transportation service	26,686,047	26,276,738
Work service	343,585	287,995
LOCOMOTIVE MILES		
Freight	15,650,488	14,966,880
*Passenger	10,898,636	10,904,760
Train and yard switching	7,485,339	7,213,017
Total transportation service	34,034,463	33,084,657
Work service	852,332	747,257
CAR-MILES		
Loaded freight cars	630,503,623	590,155,163
Empty freight cars	311,956,764	289,701,079
Sum of loaded and empty	942,460,387	879,856,242
Caboose	14,597,692	14,003,084
Total freight cars	957,058,079	893,859,326
Coach and combination passenger cars	26,423,730	26,163,740
Sleeping and parlor	23,418,090	22,307,875
Club, lounge, dining and observation	9,425,760	9,415,005
Other	46,420,870	46,630,645
Total passenger cars	105,688,450	104,517,265
Total transportation service	1,062,746,529	998,376,591
Work service	2,547,541	2,337,397
FREIGHT SERVICE		
Tons—revenue freight	53,344,607	49,056,732
Tons—revenue and non-revenue freight	58,135,626	53,923,833
Ton-miles—revenue freight	18,625,331,705	16,755,823,463
Ton-miles—revenue and non-revenue freight	19,843,907,800	17,999,892,000
PASSENGER SERVICE		
Passengers carried—revenue	10,421,176	9,686,619
Passenger miles—revenue	826,128,429	748,698,898

*Excludes mileage of combination motor passenger cars:

1951—1,088,191
1950—1,376,994

STATISTICS OF OPERATIONS—Continued

ITEMS	1951	1950
AVERAGES PER MILE OF ROAD		
Freight-train miles	1,691	1,610
Passenger-train miles	2,237	2,199
Transportation service train-miles	3,024	2,972
Transportation service locomotive-miles	3,857	3,741
Freight service car-miles	108,883	101,479
Passenger service car-miles	19,993	18,996
Freight revenue	$25,057.82	$22,698.15
Passenger service train revenue	$ 7,087.89	$ 6,904.39
Operating revenues	$30,212.30	$27,735.06
Operating expenses	$21,445.38	$18,316.59
Net operating revenue	$ 8,766.92	$ 9,418.47
Net railway operating income	$ 3,413.04	$ 4,275.54
Ton-miles—revenue freight	2,110,756	1,894,917
Ton-miles—all freight	2,248,854	2,035,609
Passenger-miles—revenue	93,623	84,670
AVERAGES PER TRAIN-MILE		
Loaded freight car-miles	42.42	41.62
Empty freight car-miles	20.99	20.43
Ton-miles—revenue freight	1,253.13	1,181.77
Ton-miles—all freight	1,335.11	1,269.51
Passenger train car-miles	8.94	8.64
Revenue passenger-miles	69.87	61.88
Freight revenue	$ 14.82	$ 14.10
Passenger service train revenue	$ 3.17	$ 3.14
Operating revenues	$ 9.99	$ 9.33
Operating expenses	$ 7.09	$ 6.16
Net operating revenue	$ 2.90	$ 3.17
AVERAGES PER LOADED FREIGHT CAR-MILE		
Ton-miles—revenue freight	29.54	28.39
Ton-miles—all freight	31.47	30.50
Freight revenue	$ .34933	$ .33878
AVERAGES PER CAR-MILE, PASSENGER		
Passenger-miles—revenue	16.84	15.71
Passenger revenue	$ .39131	$ .37136
MISCELLANEOUS AVERAGES		
Miles hauled-revenue freight	349.15	341.56
Miles hauled-non-revenue freight	254.34	255.61
Miles hauled—all freight	341.34	333.80
Miles carried—revenue passengers	79.27	77.29
Revenue per ton of freight	$ 4.12888	$ 4.07554
Revenue per ton-mile of freight	$ .01183	$ .01193
Revenue per passenger	$ 1.84170	$ 1.82515
Revenue per passenger-mile	$ .02323	$ .02361
Operating ratio	70.98	66.04

FUNDED DEBT

December 31, 1951

	Owned by Company		Outstanding
	Unpledged	Pledged	
GENERAL MORTGAGE			
4% Bonds Due 3-1-1958	$ 7,282,000	(a) $146,542,000	$ 24,590,000
FIRST AND REFUNDING MORTGAGE			
Series B 4½% Bonds Called for redemption 2-1-1952	6,642,000		(b) 5,818,100
Series of 1970 4½% Bonds due 8-1-1970	10,140,000		
Series of 1970 2⅞% Bonds due 8-1-1970	308,000		(c) 47,943,000
Series of 1985 3⅛% Bonds due 8-1-1985	1,680,000		(d) 55,139,000
Series of 1990 3% Bonds due 2-1-1990	22,000		(e) 24,478,000
Total Bonds	$26,074,000	$146,542,000	$157,968,100
EQUIPMENT TRUST CERTIFICATES			
Average interest 2.15%			19,292,000
CONDITIONAL SALE CONTRACTS			
Average interest 2.06%			19,591,982
Total Funded Debt	$26,074,000	$146,542,000	$196,852,082

(a) Pledged under First and Refunding Mortgage.

(b) Funds derived from sale of Series 1990 3% Bonds are on deposit to pay principal of all outstanding Series B 4½% Bonds called for redemption February 1, 1952.

(c) Annual sinking fund $248,825.

(d) Annual sinking fund $325,000 together with an amount equal to 10% of dividends paid by the Company on its capital stock in the preceding calendar year.

(e) Annual sinking fund $250,000.

CHANGES IN CAPITAL LIABILITIES IN 1951

	Increase	Decrease
Bonds redeemed:		
General Mortgage 4%	.....	$ 6,877,000
First and Refunding 4½% Series B	.....	2,481,000
First and Refunding 2⅞% Series of 1970	.....	304,000
First and Refunding 3⅛% Series of 1985	.....	3,161,000
First and Refunding 3% Series of 1990	.....	481,000
Principal of Equipment Obligations retired:		
Equipment Trust of 1944	.....	152,000
Equipment Trust of 1948	.....	482,000
Equipment Trust of 1949—No. 1	.....	214,000
Equipment Trust of 1949—No. 2	.....	206,000
Equipment Trust of 1950	.....	680,000
Equipment Conditional Sale Contracts	.....	3,439,033
Securities issued:		
Equipment Conditional Sale Contracts	$ 7,947,744	.....
	$ 7,947,744	$18,477,033
Net Decrease		$10,529,289

DESCRIPTION OF MORTGAGES

General Mortgage

The General Mortgage is a first lien on 7,697.22 miles of main and branch line railroad now owned by the Company, including terminals and appurtenant property, situated in the States of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming, and Montana; is a first lien on all locomotives, cars, and other rolling stock and equipment owned by the Company and not subject to any equipment trust, conditional sale agreement, or other lien securing the purchase price thereof; and also is a first lien on 305,262 shares of the capital stock of The Colorado and Southern Railway Company, which are pledged under this Mortgage.

The General Mortgage contains no provision for redemption of the Bonds or for sinking fund. No additional Bonds may be issued under the Mortgage, but there is no limitation on the right to extend, by agreement with the holders, the maturity of outstanding General Mortgage Bonds.

First and Refunding Mortgage

The First and Refunding Mortgage is secured by the pledge of $146,542,000 principal amount, or 82.1 per cent of the General Mortgage Bonds issued, so that $1,099 principal amount of General Mortgage Bonds were pledged under the First and Refunding Mortgage with respect to each $1,000 principal amount of First and Refunding Mortgage Bonds outstanding in the hands of the public December 31, 1951. The First and Refunding Mortgage is a second lien on all railroad, equipment, and capital stock, on which the General Mortgage is a first lien, as above stated, and the First and Refunding Mortgage is a first lien on 478.30 miles of railroad owned by the Company in the States of Wyoming, Montana, Illinois, Wisconsin, and Nebraska, and on certain capital stock of bridge, depot, terminal, and other companies.

Additional First and Refunding Mortgage Bonds may be issued, subject to the provisions and limitations of the Mortgage and the Supplemental Indentures thereto.

Provisions for the redemption of each series of First and Refunding Mortgage Bonds, and the sinking funds for certain series, are summarized as follows:

Series B Bonds redeemable as a whole at 105 and accrued interest February 1, 1952 have been called for redemption.

Series of 1970 2⅞% Bonds may be redeemed as a whole, or in part, on any interest payment date at 104⅞ August 1, 1949 to July 31, 1953; thereafter premium reduces periodically to August 1, 1969, after which date callable at par; in each instance with accrued interest.

An annual sinking fund of $248,825 for redemption of Series of 1970 2⅞% Bonds is payable to Trustee on or before May 1 each year, beginning May 1, 1946. For such redemption, prices are 102⅜ August 1, 1949 to July 31, 1953, reduced periodically to August 1, 1969, and thereafter at par; in each instance with accrued interest.

Series of 1985 3⅛% Bonds may be redeemed as a whole, or in part, on any interest date at 105 August 1, 1949 to July 31, 1953; thereafter premium reduces periodically to August 1, 1982, after which date callable at par; in each instance with accrued interest.

An annual sinking fund of $325,000, together with an amount equal to 10% of dividends paid by the Company on its capital stock in the preceding calendar year, is payable to the Trustee before May 1 in each year beginning May 1, 1946, for redemption of the Series of 1985 Bonds. Redemption prices are 102¼ August 1, 1949 to July 31, 1953, with periodical reductions to August 1, 1982, and par thereafter; in each instance with accrued interest.

Series of 1990 3% Bonds may be redeemed as a whole, or in part, on any interest date at 104 February 1, 1950 to January 31, 1954; thereafter premium reduces periodically to January 31, 1989, after which date callable at par; in each instance with accrued interest.

An annual sinking fund of $250,000 for redemption of Series of 1990 3% Bonds is payable to Trustee on or before November 1 each year, beginning November 1, 1950. For such redemption, prices are 101 February 1, 1950 to January 31, 1954, reduced periodically to January 31, 1989, and thereafter at par; in each instance with accrued interest.

MILEAGE

	Miles of Road	Second Track	Third Track	Fourth Track	Yard Tracks and Sidings*	Total
Owned						
Colorado	392.77	.52	.....	.....	182.99	576.28
Illinois	1,609.52	387.10	40.94	5.43	1,057.53	3,100.52
Iowa	1,011.66	249.36	.....	.....	287.19	1,548.21
Kansas	217.26	.....	.....	.....	22.34	239.60
Minnesota	23.09	2.71	.....	.....	39.60	65.40
Missouri	1,134.34	115.90	.....	.....	420.98	1,671.22
Montana	134.53	.....	.....	.....	50.14	184.67
Nebraska	2,674.54	29.32	.....	.....	797.24	3,501.10
South Dakota	168.16	.....	.....	.....	53.79	221.95
Wisconsin	220.25	214.17	.....	.....	64.62	499.04
Wyoming	677.60	.....	.....	.....	219.77	897.37
Total*	8,263.72	999.08	40.94	5.43	3,196.19	12,505.36
Operated under lease or contract	570.38	128.05	.76	.76	457.82	1,157.77
Grand Total*	8,834.10	1,127.13	41.70	6.19	3,654.01	13,663.13

*Includes yard tracks and sidings owned but not operated as follows: Illinois 1.11 miles, Iowa .71 mile, Nebraska .27 mile, total 2.09 miles.

OWNED EQUIPMENT IN SERVICE

Description	Number on Dec. 31, 1950	Number Added During Year	Number Retired During Year	Number on Dec. 31, 1951	Average tractive power all locomotives and average capacity all freight cars
Locomotives—Steam	657	.....	96	561	.....
—Diesel Road	282	40	.....	322	.....
—Diesel Switch	166	2	.....	168	.....
—Gas-Electric	3	.....	.....	3	.....
Total Locomotives	1,108	42	96	1,054	57,264 Lbs.
Freight-train cars:					
Box	21,579	1,005	897	21,687	.....
Flat	1,623	.....	25	1,598	.....
Stock	3,571	115	129	3,557	.....
Gondola and Hopper	16,003	800	1,352	15,451	.....
Caboose	589	1	17	573	.....
All classes of freight-train cars	43,365	1,921	2,420	42,866	49.14 Tons
Passenger-train cars:					
Coaches	287	5	34	258	.....
Combination coach	47	4	4	47	.....
Parlor	3	.....	.....	3	.....
Sleeping	17	.....	2	15	.....
Dining	32	.....	1	31	.....
Club, lounge and observation	14	.....	.....	14	.....
Postal	23	.....	.....	23	.....
Baggage, express and other nonpassenger	577	21	9	589	.....
Total	1,000	30	50	980	.....
Passenger rail motor cars:					
Combination coach	15	.....	4	11	.....
Other passenger-train rail motor	14	.....	1	13	.....
Total	29	.....	5	24	.....
Articulated Zephyr trains	7	.....	.....	7	.....
Cars in articulated trains‡					
Coaches	12	.....	.....	12	.....
Combination coach	15	.....	.....	15	.....
Parlor and sleeping	4	.....	.....	4	.....
Other passenger-train	11	.....	.....	11	.....
Total	42	.....	.....	42	.....
All classes of passenger-train cars	1,071	30	55	1,046	.....
Company service cars:					
Officers' and business	16	2	2	16	.....
Ballast	1,439	1	35	1,405	.....
Derrick	3	.....	.....	3	.....
Wrecking	19	.....	.....	19	.....
Other company service	3,523	169	149	3,543	.....
All classes of company service cars	5,000	172	186	4,986	.....
All classes of cars in service	49,436	2,123	2,661	48,898	.....

OWNED EQUIPMENT LEASED

Description	Number Under Lease on Dec. 31, 1950	Number Leased During Year	Number Withdrawn from Lease During Year	Number Under Lease on Dec. 31, 1951
Diesel-electric locomotive†	1	.....	.....	1
Freight-refrigerator cars*	1,674	290	48	1,916
Freight-stock cars†	188	.....	115	73
Freight-flat cars†	10	5	.....	15
Passenger-refrigerator cars*	29	.....	.....	29
Zephyr train cars†	5	.....	.....	5
Sleeping cars#	71	.....	.....	71

‡8 cars not articulated.
*Leased to Burlington Refrigerator Express Co.
#Leased to Pullman Co. (8 cars are articulated.)
†Leased to Fort Worth and Denver Ry. Co.

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31

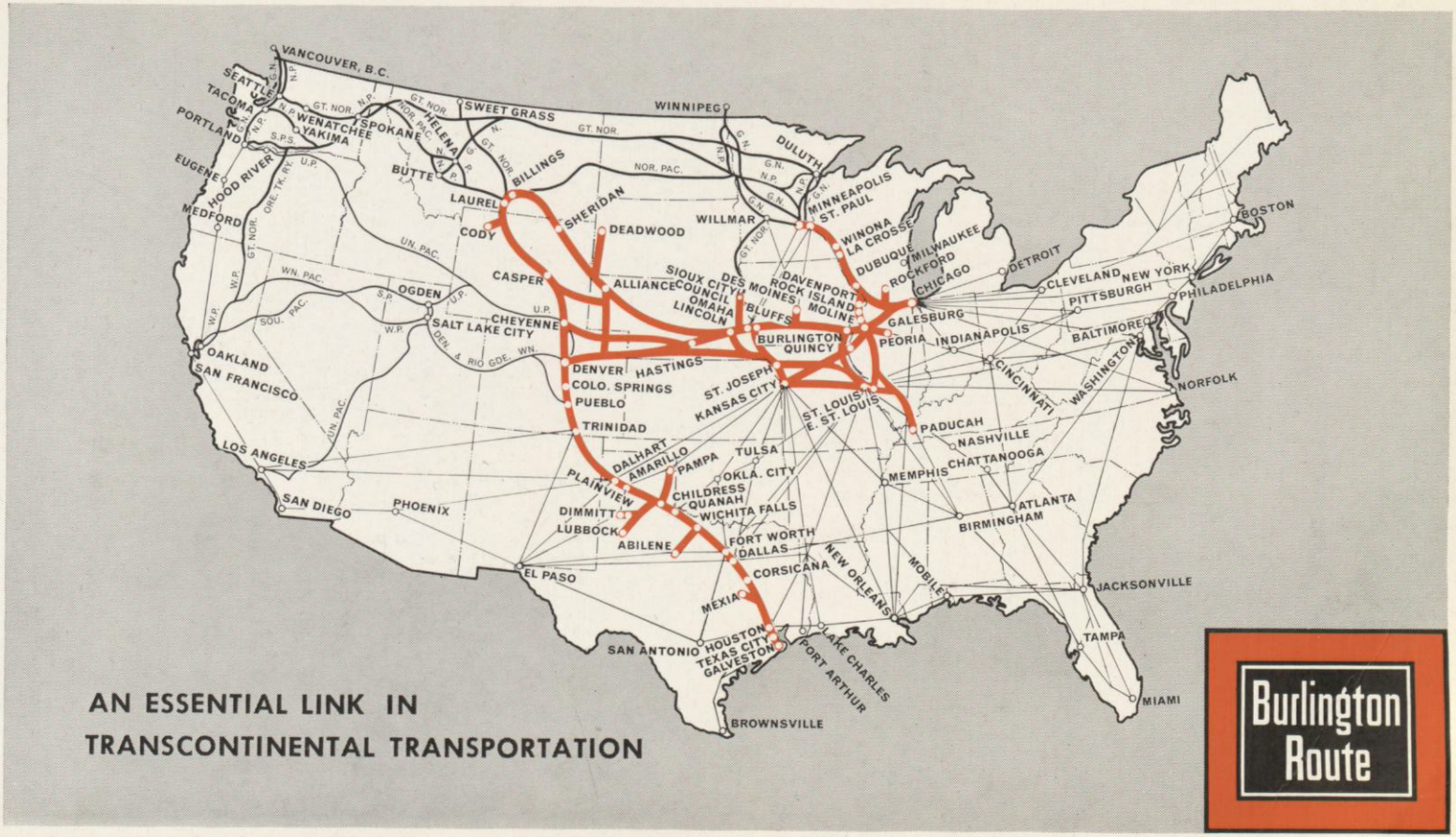
	1951	1950	Increase	Decrease
RAILWAY OPERATING REVENUES—				
Transportation:				
Freight	$220,253,697.00	$199,932,605.54	$ 20,321,091.46	
Passenger	19,192,719.18	17,679,514.25	1,513,204.93	
Baggage	47,324.60	43,377.15	3,947.45	
Parlor and chair car	131,569.80	115,885.10	15,684.70	
Mail	12,516,543.71	14,869,706.36		$ 2,353,162.65
Express	2,786,753.47	2,897,365.43		110,611.96
Other passenger-train	328,872.41	214,786.26	114,086.15	
Milk	272,004.05	261,801.07	10,202.98	
Switching	3,827,471.95	3,789,378.22	38,093.73	
Total	$259,356,956.17	$239,804,419.38	$ 19,552,536.79	
Incidental:				
Dining and buffet	$ 2,193,219.44	$ 1,905,387.23	$ 287,832.21	
Station and train privileges	50,359.16	43,502.81	6,856.35	
Parcel room	1,218.20	1,248.50		$ 30.30
Storage—Freight	20,399.18	17,867.02	2,532.16	
Storage—Baggage	5,663.34	4,780.85	882.49	
Demurrage	1,023,734.42	590,477.63	433,256.79	
Communication	134,597.55	138,397.67		3,800.12
Power	7,539.79	7,108.08	431.71	
Rents of buildings and other property	305,666.05	272,956.19	32,709.86	
Miscellaneous	2,505,941.77	1,632,308.09	873,633.68	
Total	$ 6,248,338.90	$ 4,614,034.07	$ 1,634,304.83	
Joint faciltiy—Cr.	$ 1,001,998.58	$ 848,574.57	$ 153,424.01	
Joint facility—Dr.	Dr. 13,625.29	Dr. 19,467.44	5,842.15	
Total	$ 988,373.29	$ 829,107.13	$ 159,266.16	
Total railway operating revenues	$266,593,668.36	$245,247,560.58	$ 21,346,107.78	

	1951	1950	Increase	Decrease
RAILWAY OPERATING EXPENSES—				
Maintenance of way and structures	$ 36,724,740.16	$ 29,143,196.18	$ 7,581,543.98	
Maintenance of equipment	30,867,465.70	26,145,771.64	4,721,694.06	
Traffic	5,386,677.10	4,942,602.18	444,074.92	
Transportation	93,513,741.48	80,955,659.48	12,558,082.00	
Miscellaneous operations	3,223,255.79	2,947,836.91	275,418.88	
General	6,027,175.71	5,294,088.92	733,086.79	
Railway operating expenses—excluding depreciation, retirements and amortization	$175,743,055.94	$149,429,155.31	$ 26,313,900.63	
Depreciation, Retirements and Amortization—				
Road Property	5,058,096.78	4,643,719.94	414,376.84	
Equipment	8,433,085.85	7,891,798.27	541,287.58	
Total railway operating expenses	$189,234,238.57	$161,964,673.52	$ 27,269,565.05	
Operating Ratio (For Operating Ratios by general accounts see Page 19)	70.98	66.04	4.94	
Net revenue from railway operations	$ 77,359,429.79	$ 83,282,887.06		$ 5,923,457.27
Railway tax accruals	$ 41,233,780.67	$ 39,773,301.93	$ 1,460,478.74	
Railway operating income	$ 36,125,649.12	$ 43,509,585.13		$ 7,383,936.01
RENT INCOME				
Rent from equipment	$ 1,374,461.19	$ 817,562.49	$ 556,898.70	
Joint facility rent income	724,031.32	688,830.99	35,200.33	
Total rent income	$ 2,098,492.51	$ 1,506,393.48	$ 592,099.03	
RENTS PAYABLE				
Rent for equipment	$ 5,440,411.98	$ 4,619,734.90	$ 820,677.08	
Joint facility rents	2,667,058.10	2,589,714.87	77,343.23	
Total rents payable	$ 8,107,470.08	$ 7,209,449.77	$ 898,020.31	
Net rents	Dr. $6,008,977.57	Dr. $5,703,056.29	$ 305,921.28	
Net railway operating income	$ 30,116,671.55	$ 37,806,528.84		$ 7,689,857.29

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Continued

	1951	1950	Increase	Decrease
OTHER INCOME				
Income from lease of road and equipment	$ 7,874.57	$ 817,217.50		$ 809,342.93
Miscellaneous rent income	503,464.94	504,632.91		1,167.97
Income from non-operating property	229,824.55	239,237.67		9,413.12
Separately operated properties—profit	11,200.08	13,292.07		2,091.99
Dividend income	371,593.30	333,124.80	$ 38,468.50	
Interest income	449,075.54	429,532.31	19,543.23	
Release of premiums on funded debt	21.39	21.54		.15
Miscellaneous income	37,343.61	32,680.29	4,663.32	
Total other income	$ 1,610,397.98	$ 2,369,739.09		$ 759,341.11
Total income	$ 31,727,069.53	$ 40,176,267.93		$ 8,449,198.40
MISCELLANEOUS DEDUCTIONS FROM INCOME				
Miscellaneous rents	$ 30,589.60	$ 31,597.43		$ 1,007.83
Miscellaneous tax accruals	90,218.86	84,686.17	$ 5,532.69	
Miscellaneous income charges	337,805.91	21,237.08	316,568.83	
Total miscellaneous deductions	$ 458,614.37	$ 137,520.68	$ 321,093.69	
Income available for fixed charges	$ 31,268,455.16	$ 40,038,747.25		$ 8,770,292.09
FIXED CHARGES				
Rent for leased roads and equipment	$ 50,817.21	$ 60,586.26		$ 9,769.05
Interest on funded debt	5,915,575.55	6,142,774.71		227,199.16
Interest on unfunded debt	3,172.36	15,417.48		12,245.12
Amortization of discount on funded debt	49,602.50	58,313.75		8,711.25
Total fixed charges	$ 6,019,167.62	$ 6,277,092.20		$ 257,924.58
Net income after fixed charges	$ 25,249,287.54	$ 33,761,655.05		$ 8,512,367.51
Dividend appropriations of income	$ 11,958,709.00	$ 11,958,709.00		
Balance of income transferred to Earned Surplus	$ 13,290,578.54	$ 21,802,946.05		$ 8,512,367.51

BURLINGTON LINES



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TRANSCONTINENTAL TRANSPORTATION

Burlington Route

1951